



# House of Representatives

General Assembly

**File No. 283**

January Session, 2013

Substitute House Bill No. 6337

*House of Representatives, April 2, 2013*

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE UNIFORM COMMERCIAL CODE AND THE ELECTRONIC FUND TRANSFER ACT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42a-4A-108 of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective from passage*):

3 [This] (a) Except as provided in subsection (b) of this section, this  
4 article does not apply to a funds transfer any part of which is governed  
5 by the Electronic Fund Transfer Act [of 1978] (Title XX, Public Law 95-  
6 630, 92 Stat. 3728, 15 USC Section 1693 et seq.) as amended from time  
7 to time.

8 (b) This article applies to a funds transfer that is a remittance  
9 transfer, as defined in the Electronic Fund Transfer Act (15 USC  
10 Section 1693o-1) as amended from time to time, unless the remittance  
11 transfer is an electronic fund transfer, as defined in the Electronic Fund  
12 Transfer Act (15 USC Section 1693a) as amended from time to time.

13       (c) In a funds transfer to which this article applies, in the event of an  
14       inconsistency between an applicable provision of this article and an  
15       applicable provision of the Electronic Fund Transfer Act, the provision  
16       of the Electronic Fund Transfer Act governs to the extent of the  
17       inconsistency.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	42a-4A-108
-----------	---------------------	------------

**Statement of Legislative Commissioners:**

For the purpose of clarity and consistency with the general statutes, "of 1978" was bracketed in subsection (a), "Section 1693o-1" and "Section 1693a" were deleted from subsection (b) and "(15 USC Section 1693o-1)" and "(15 USC 1693a)" were added to subsection (b).

**BA**           *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

---

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill clarifies the interaction of Article 4A of the Uniform Commercial Code and the Electronic Fund Transfer Act of 1978 and results in no fiscal impact to the Department of Banking.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

---

**OLR Bill Analysis****HB 6337*****AN ACT CONCERNING THE UNIFORM COMMERCIAL CODE AND  
THE ELECTRONIC FUND TRANSFER ACT.*****SUMMARY:**

Currently, state law (Uniform Commercial Code (UCC) Article 4A) generally governs commercial fund transfers unless any part of the transfer is governed by the federal Electronic Fund Transfer Act of 1978 (EFTA). EFTA applies to remittance transfers, but in some circumstances, EFTA's provisions do not govern all parts of such transfers. This bill (1) allows state law to apply to any portion of a remittance transfer that is not covered by EFTA but (2) requires EFTA to apply if there is any inconsistency between EFTA and state law.

EFFECTIVE DATE: Upon passage

**REMITTANCE TRANSFERS AND ELECTRONIC FUND  
TRANSFERS**

Federal law defines a remittance transfer as the electronic transfer of funds, to a designated recipient, that is initiated by a remittance transfer provider at the request of a sender located in any state whether or not the (1) sender holds an account with the remittance transfer provider or (2) remittance transfer is also an electronic fund transfer (15 U.S.C. § 1693o-1)).

The bill applies state law (specifically UCC Act, 4A) to the above types of remittance transfers, but does not apply if the remittance transfer is covered by EFTA as an electronic funds transfer. Under EFTA, an electronic funds transfer is any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic

instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account (15 U.S.C. § 1693a).

## **BACKGROUND**

### ***Uniform Commercial Code Article 4A***

Article 4A of the Uniform Commercial Code governs funds transfers. It establishes the rights and responsibilities of the parties to a funds transfer, including payment obligations among the parties and allocation of risk of loss for unauthorized or improperly executed payment orders. Article 4A was drafted principally to govern fund transfers involving commercial entities (CGS § 42a-4A, et seq.).

### ***EFTA***

EFTA (P.L. 95-630) provides a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund and remittance transfer systems. Its primary objective is the provision of individual consumer rights (15 U.S.C. § 1693 et seq.).

### ***Dodd-Frank Act Amendments***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-2013) amended EFTA to create new protections for consumers who send remittance transfers, including transfers to designated recipients located in a foreign country.

## **COMMITTEE ACTION**

Banks Committee

Joint Favorable

Yea 17      Nay 0      (03/14/2013)